

Chapter 10. Infringement Litigation—Jurisdiction and Pleading

§ 10.1(d)(i) Standing to Sue for Infringement²²⁴

²²⁴ This section should be read in conjunction with the discussion of assignments and exclusive licenses in § 9.2(b).

A patent grant bestows the legal right to exclude others from making, using, selling, or offering to sell the patented invention in the United States, or importing the invention. This right to exclude is the legal interest created by statute. Constitutional injury in fact occurs when a party performs at least one prohibited action with respect to the patented invention that violates these exclusionary rights. The party holding the exclusionary rights to the patent suffers legal injury in fact under the statute.
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²²⁵ *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 84 USPQ2d 1377, 1382 (Fed. Cir. 2007).

The patent statutes govern the creation and protection of patent rights, how rights can be transferred, and the parties entitled to assert those rights. The patent statutes have long been recognized as the law that governs who has the right to bring suit for patent infringement, even when patent rights have been transferred as a result of bankruptcy or proceedings in equity. Accordingly, patent law principles rather than bankruptcy or trust law relationships govern the standing analysis in a patent infringement case.²²⁶ The patent law provides, in 35 U.S.C. § 281, that a “patentee” shall have remedy by civil action for infringement of a patent. The term patentee, under § 100(d), includes not only the patentee to whom the patent was issued but also the successors in title to the patentee.

²²⁷ This has been interpreted to require that a suit for infringement must ordinarily be brought by a party holding legal title to the patent.²²⁸ But where a patentee makes an assignment of all significant rights under the patent, the assignee may be deemed the effective patentee under the statute and has standing to bring a suit in its own name for infringement.²²⁹ A party that is neither the legal owner of the patent nor the transferee of all substantial rights in the patent still has Article III standing to sue for infringement if it has a legally protected interest in the patent created by the patent laws, so that it can be said to suffer legal injury from an act of infringement. An exclusive licensee is considered to have such an interest. Unlike the patentee or transferee of all substantial rights in the patent, however, an exclusive licensee ordinarily may not sue in its own name alone, but must join the patent owner in an action brought against an accused infringer. The

joinder requirement is not a constitutional prerequisite, but rather a prudential limitation.²³⁰

²²⁶ *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 84 USPQ2d 1377, 1380–81 (Fed. Cir. 2007).

²²⁷ *Enzo APA & Son v. Geapag A.G.*, 134 F.3d 1090, 45 USPQ2d 1368 (Fed. Cir. 1998); *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 35 USPQ2d 1065 (Fed. Cir. 1995); *Ortho Pharm. Corp. v. Genetics Inst. Inc.*, 52 F.3d 1026, 34 USPQ2d 1444 (Fed. Cir. 1995). The right to sue for infringement is ordinarily an incident of legal title to the patent. *Abbott Labs. v. Diamedix Corp.*, 47 F.3d 1128, 33 USPQ2d 1771 (Fed. Cir. 1995).

²²⁸ *Enzo APA & Son v. Geapag A.G.*, 134 F.3d 1090, 45 USPQ2d 1368 (Fed. Cir. 1998). Only a patentee may bring an action for patent infringement. *Textile Prods. Inc. v. Mead Corp.*, 134 F.3d 1481, 45 USPQ2d 1633 (Fed. Cir. 1998).

²²⁹ *Enzo APA & Son v. Geapag A.G.*, 134 F.3d 1090, 45 USPQ2d 1368 (Fed. Cir. 1998); *Ortho Pharm. Corp. v. Genetics Inst. Inc.*, 52 F.3d 1026, 34 USPQ2d 1444 (Fed. Cir. 1995).

²³⁰ *Propat Int'l Corp. v. RPost Inc.*, 473 F.3d 1187, 81 USPQ2d 1350, 1354–55 (Fed. Cir. 2007).

There are three general categories of plaintiffs encountered when analyzing the constitutional standing issue in patent infringement suits: those that can sue in their own name alone; those that can sue as long as the patent owner is joined in the suit; and those that cannot even participate as a party to an infringement suit. The first category includes plaintiffs that hold all legal rights to the patent as the patentee or assignee of all patent rights—the entire bundle of sticks. Unquestionably, a patentee who holds all the exclusionary rights and suffers constitutional injury in fact from infringement is one entitled to sue for infringement in its own name. Additionally, if a patentee transfers “all substantial rights” to the patent, this amounts to an assignment or a transfer of title, which confers constitutional standing on the assignee to sue for infringement in its own name alone. When a party holds all rights or all substantial rights, it alone has standing to sue for infringement.

The second category of plaintiffs hold exclusionary rights and interests created by the patent statutes, but not all substantial rights to the patent. As the grantee of exclusionary rights, this plaintiff is injured by any party that makes, uses, sells, offers to sell, or imports the patented invention. Parties that hold the exclusionary rights are often identified as exclusive licensees, because the grant of an exclusive license to make, use, or sell the patented invention carries with it the right to prevent others from practicing the invention. However, these exclusionary rights must be enforced through or in the name of the owner of the patent, and the patentee who transferred these exclusionary interests is usually joined to satisfy prudential standing concerns. The patentee is joined for the purpose of avoiding the potential for multiple lawsuits and multiple liabilities and recoveries against the same alleged infringer. When the patentee is the in-fringer, or the prudential concerns are not at play in a particular case, joinder of the patentee is not necessary. This joinder analysis has been incorporated in Rule 19, FRCP.

The third category of plaintiffs includes those that hold less than all substantial rights to the patent and lack exclusionary rights under the patent statutes to meet the injury in fact requirement. They are not injured by a party that makes, uses, or sells the patented invention because they do not hold the necessary exclusionary rights. Plaintiffs in this category lack constitutional standing. This standing deficiency cannot be cured by adding the patent title owner to the suit.²³¹

²³¹ *Morrow v. Microsoft Corp.*, 499 F.3d 1332, 84 USPQ2d 1377, 1382–83(Fed. Cir. 2007). This case sets forth a detailed analysis of standing of a bankruptcy trustee in a very complex factual setting. There was a dissent from the majority's conclusion that standing was lacking.

Where an exclusive licensee has certain significant rights to a patent, in particular the right to make, use, and sell the invention as well as the right to grant sublicenses, it would be injured by any party that made, used, or sold that invention. The typical challenge to prudential standing in a patent infringement case occurs when an alleged infringing party asserts that the plaintiff, a licensee with rights to or under the asserted patent, lacked standing to bring the original lawsuit because the patent owner was not a party to the suit. The general prudential rule is that the patent owner should be joined, either voluntarily or involuntarily, in any infringement suit brought by an exclusive licensee. The policy concerns motivating the need for a patent owner to be joined in an infringement suit with its licensee— principally, from the standpoint of an accused infringer, avoidance of multiple lawsuits and liabilities, and, from the standpoint of the patentee, ensuring that its patent is not invalidated or held unenforceable without its participation—are met where the owner is joined as a third-party defendant by the accused infringer.²³² For the same policy reasons that a patentee must be joined in any lawsuit involving its patent, there must be joinder of any exclusive licensee.²³³

²³² *Evident Corp. v. Church & Dwight Co.*, 399 F.3d 1310, 73 USPQ2d 1910, 1912–13(Fed. Cir. 2005). It should be noted that here it was the patent owner that was complaining of lack of standing rather than the accused infringer.

²³³ *Aspex Eyewear Inc. v. Miracle Optics Inc.*, 434 F.3d 1336, 77 USPQ2d 1456 (Fed. Cir. 2006).

A conveyance of legal title by the patentee can be made only of (1) the entire patent, (2) an undivided part or share of the entire patent, or (3) all rights under the patent in a specified geographical region of the United States. A transfer of any of these is an assignment and vests the assignee with title in the patent and a right to sue infringers (either alone, as in cases(1) and (3), or, in case (2), jointly with the assignor). A transfer of less than one of these three interests is a license, not an assignment of legal title, and it gives the licensee no right to sue for infringement at law in the licensor's own name.²³⁴

²³⁴ *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 35 USPQ2d 1065 (Fed. Cir. 1995). See also *Enzo APA & Son v. Geapag A.G.*, 134 F.3d 1090, 45 USPQ2d 1368 (Fed. Cir. 1998). Nunc pro tunc assignments are not sufficient to confer retroactive standing because, as a general matter, parties should possess rights before seeking to have them vindicated in court. *Id.* An assignment of patent rights executed after the litigation commenced but made effective prior to the filing of suit does not confer standing on the assignee retroactively. *GAIA Tech. Inc. v. Reconversion Tech. Inc.*, 93 F.3d 774, 39 USPQ2d 1826 (Fed. Cir. 1996). In the absence of fraud or deceptive intent, the correction of inventorship does not affect the validity or enforceability of the patent for the period before correction, including the question of ownership and standing to sue. *Viskase Corp. v. American Nat'l Can Co.*, 261 F.3d 1316, 59 USPQ2d 1823 (Fed. Cir. 2001). In *Mas-Hamilton Group Inc. v. LaGard Inc.*, 156 F.3d 1206, 48 USPQ2d 1010 (Fed. Cir. 1998), the patent owner, defendant in a DJ action, assigned the patent during the pendency of the appeal. The assignment did not expressly transfer the right to sue for past infringement, but this was cured by a later supplementary assignment. The court held that both the original owner and the assignee have standing to prosecute the appeal. While it is true that nunc pro tunc assignments are not sufficient to confer retroactive standing, here standing was not deficient at the time the declaratory suit was filed, nor at the time the appeal was filed.

An exclusive license is equivalent to an assignment and may therefore confer standing upon the licensee to sue for patent infringement. Conversely, a “bare licensee”—one who enjoys only a

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nonexclusive license—has no standing to sue for infringement. The court adheres to the principle that a patentee should be joined, either voluntarily or involuntarily, in any infringement suit brought by an exclusive licensee. However, this general rule—which is prudential rather than constitutional in nature—is subject to an exception. The exception is that, where the patentee makes an assignment of all substantial rights under the patent, the assignee may be deemed the effective “patentee” under § 281 and thus may have standing to maintain an infringement suit in its own name.²³⁵ Nonetheless, while the general rule that a patentee should be joined in any infringement action is not a constitutional requirement for standing, it is a jurisdictional requirement under 35 U.S.C. § 281 and cannot be waived by a party.²³⁶

²³⁵ *Prima Tek II L.L.C. v. A-Roo Co.*, 222 F.3d 1372, 55 USPQ2d 1742 (Fed. Cir. 2000). In addition to the three-prong Article III standing test, standing doctrine embraces judicially self-imposed limits, known as prudential limits, on the exercise of jurisdiction. As a prudential principle, an exclusive licensee having fewer than all substantial patent rights possesses standing under the Patent Act as long as it sues in the name of, and jointly with, the patent owner and meets the Article III test. *Intellectual Prop. Dev. Inc. v. TCI Cablevision of Calif. Inc.*, 248 F.3d 1333, 58 USPQ2d 1681 (Fed. Cir. 2001). Here, the plaintiff moved to join the patent owner and the motion was granted. On appeal, the defendant argued that the district court lacked jurisdiction even to entertain the motion. The Federal Circuit rejected this argument on the basis that the plaintiff met the three-pronged constitutional test for standing from the outset, and the presence of the patent owner was required only as a prudential measure. Thus, the district court had jurisdiction from the outset.

²³⁶ *Mentor H/S Inc. v. Medical Dev. Alliance Inc.*, 240 F.3d 1016, 57 USPQ2d 1819 (Fed. Cir. 2001). Neither party had raised the issue of plaintiff's standing to sue for infringement, either below or on appeal. The Federal Circuit, on its own motion, asked for briefs on the subject, and concluded that the plaintiff lacked standing. Rather than dismissing the suit, however, the court invited the plaintiff to file a motion to add the patent owner as a party plaintiff, noting that appellate-level amendments to correct jurisdictional defects are appropriate under rare circumstances. After receiving the motion, the court ordered appellate joinder, on the ground that it would cure a technical jurisdictional defect without prejudice to the defendant. *Mentor H/S Inc. v. Medical Dev. Alliance Inc.*, 244 F.3d 1365, 58 USPQ2d 1321 (Fed. Cir. 2001).

Unless there is a transfer of all substantial rights under the patent, the conveyance is a license rather than an assignment, and the patent owner is a necessary party to an infringement action brought by the licensee.²³⁷ Also, saying that a licensee must sue with or in the name of the patentee does not mean that every licensee under a patent has a rightful place in an infringement suit. A licensee must have standing under the patent statute. A license may amount to no more than a covenant not to sue the licensee, with the patentee reserving the right to grant others the same right. A holder of such a nonexclusive license suffers no legal injury from infringement and thus has no standing to bring suit or even join in a suit with the patentee.²³⁸

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²³⁷ *Abbott Labs. v. Diamedix Corp.*, 47 F.3d 1128, 33 USPQ2d 1771 (Fed. Cir. 1995). See also *Intellectual Prop. Dev. Inc. v. TCI Cablevision of Calif. Inc.*, 248 F.3d 1333, 58 USPQ2d 1681 (Fed. Cir. 2001); *Minco Inc. v. Combustion Eng'g Inc.*, 95 F.3d 1109, 40 USPQ2d 1001 (Fed. Cir. 1996). Compare *Speedplay Inc. v. Bebop Inc.*, 211 F.3d 1245, 53 USPQ2d 1984 (Fed. Cir. 2000). However, an exclusive licensee that does not have all substantial rights does have standing to sue in its own name when necessary to prevent an absolute failure of justice, as where the patentee is the infringer, and cannot sue itself. *Textile Prods. Inc. v. Mead Corp.*, 134 F.3d 1481, 45 USPQ2d 1633, 1635 (Fed. Cir. 1998).

²³⁸ *Ortho Pharm. Corp. v. Genetics Inst. Inc.*, 52 F.3d 1026, 34 USPQ2d 1444 (Fed. Cir. 1995). A bare licensee, who has no right to exclude others, has no legally recognized interest that entitles it to bring or join an infringement action. *Abbott Labs. v. Diamedix Corp.*, 47 F.3d 1128, 33 USPQ2d 1771 (Fed. Cir. 1995). A bare licensee lacks standing to sue third parties for infringement of the licensed patent, and cannot cure its lack of standing by joining the patent owner as a party. Thus, an infringement action brought by a nonexclusive licensee must be dismissed. *Propat Int'l Corp. v. RPost Inc.*, 473 F.3d 1187, 81 USPQ2d 1350, 1355 (Fed. Cir. 2007).

Thus in certain limited circumstances, standing has been accorded, where all substantial rights under the patent have been transferred in the form of an exclusive license, rendering the licensee the virtual assignee. A licensing arrangement conferring standing must, logically, resemble an assignment in both form and substance.²³⁹ To be an exclusive licensee for standing purposes, a party must have received not only the right to practice the invention within a given territory, but also the patentee's express or implied promise that others shall be excluded from practicing the invention within that territory. If the party has not received an express or implied promise of exclusivity under the patent, it has a bare license and has received only the patentee's promise that the party will not be sued for infringement.²⁴⁰ To determine whether a license agreement has conveyed all substantial rights in a patent, and is thus tantamount to an assignment, the court must ascertain the intention of the parties and examine the substance of what was granted. In so doing, it is helpful to look at what rights were retained by the grantor.²⁴¹ The use of the word

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“exclusive” is not controlling; what matters is the substance of the arrangement. Because patent rights are rights to exclude others, a licensee is an exclusive licensee only if the patentee has promised, expressly or impliedly, that others shall be excluded from practicing the invention within the field covered by the license. Put another way, an exclusive license is a license to practice the invention, accompanied by the patent owner's promise that others shall be excluded from practicing it within the field of use wherein the licensee is given leave. Thus, if a patentee-licensor is free to grant licenses to others, licensees under that patent are not exclusive licensees.²⁴²

²³⁹ *Enzo APA & Son v. Geapag A.G.*, 134 F.3d 1090, 45 USPQ2d 1368 (Fed. Cir. 1998). Under § 261, “[a]pplications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing.” If the courts were to expand the virtual assignment exception to include oral licenses, the exception would swallow the rule. Parties would be free to engage in revisionist history, circumventing the certainty provided by the writing requirement of § 261 by claiming to be patentee by virtue of a verbal licensing arrangement. *Id.*

²⁴⁰ *Rite-Hite Corp. v. Kelley Co.*, 56 F.3d 1538, 35 USPQ2d 1065 (Fed. Cir. 1995). The court held that independent sales organizations who resold the patented product lacked standing to recover damages. They argued that they should be allowed to join as co-plaintiffs because each had a virtually exclusive license to sell products made by the patentee to particular customers in an exclusive sales territory. The court regarded the exclusivity as applying only to sales territories, not to patent rights.

In *Mitutoyo Corp. v. Central Purchasing LLC*, 499 F.3d 1284, 84 USPQ2d 1001, 1006 (Fed. Cir. 2007), the court distinguished between an exclusive distributor of the patent owner's products (presumably made under the patent), and one who has the exclusive right to sell the patented product (regardless who made it). The latter has standing while the former does not.

²⁴¹ *Prima Tek II L.L.C. v. A-Roo Co.*, 222 F.3d 1372, 55 USPQ2d 1742 (Fed. Cir. 2000). The fact that title may revert back to the licensor under the terms of the agreement does not necessarily make the licensor an indispensable party. *Id.* The fact that a patent owner has retained a right to a portion of the proceeds of the commercial exploitation of the patent does not necessarily defeat what would otherwise be a transfer of all substantial rights in the patent. *Propat Int'l Corp. v. RPost Inc.*, 473 F.3d 1187, 81 USPQ2d 1350, 1354 (Fed. Cir. 2007). The exclusive right to make, use, and sell products covered by the patent, the right to sue for infringement of the patent, and a virtually unrestricted authority to sublicense are provisions that strongly favor a finding of an assignment, not a license. Nonetheless, where the license has a defined termination date prior to expiration of the patent, it is merely an exclusive licensee without all substantial rights. By having rights for only a limited portion of the patent term, the licensee simply does not own the patent. *Aspex Eyewear Inc. v. Miracle Optics Inc.*, 434 F.3d 1336, 77 USPQ2d 1456 (Fed. Cir. 2006). In *Sicom Sys. Ltd. v. Agilent Tech. Inc.*, 427 F.3d 971, 76 USPQ2d 1933 (Fed. Cir. 2005), the licensor reserved for itself the right to continue operating under the patented technology, as well as a multitude of other rights, including: the right to veto the licensee's reassignment of its rights or proposed sublicenses; the right to levy additional royalties or other consideration; the right to grant contracts and sub-contracts to further develop the invention claimed in the patent; and the right to offer sublicenses under any improvements or corrections developed by the licensee. Most importantly, it retained the right to sue for infringement other than commercial infringement and it retained legal title to the patent. Although the licensee was expressly granted the exclusive right to sue for commercial infringement, it did not, under these circumstances, possess all substantial patent rights and thus did not have standing to sue alone without joinder of the licensor. In *State Contr. & Eng'g Corp. v. Condotte Am. Inc.*, 346 F.3d 1057, 68 USPQ2d 1481 (Fed. Cir. 2003), the agreement expressly granted the right to sue only for past and present infringement. The argument was made that the agreement therefore excluded the right to sue for future infringement. The court rejected this argument as strained, observing that the most reasonable interpretation of the agreement is that the right to sue for future infringement is subsumed within the right to sue for present infringement. It was thought unlikely that the parties included the reference to "present" infringement only to transfer the right to sue for infringement occurring at the precise moment the agreement was executed.

²⁴² *Textile Prods. Inc. v. Mead Corp.*, 134 F.3d 1481, 45 USPQ2d 1633 (Fed. Cir. 1998). A contract to produce for the patent owner its total requirements for a patented product does not automatically convert the exclusive supplier into an exclusive licensee of the patent. The contractual manufacturing rights of a party do not alone confer a right to exclude all others from making an invention. To qualify as an exclusive license, an agreement must clearly manifest the patentee's promise to refrain from granting to anyone else a license in the area of exclusivity. In this case, which involved a complex contract, the court held that the supplier did not have standing to assert patent infringement against the patent owner and its secondary supplier.

Economic injury alone therefore does not provide standing to sue under the patent statute. To have co-plaintiff standing in an infringement suit, a licensee must hold some of the proprietary sticks from the bundle of patent rights, albeit a lesser share of rights in the patent than for an assignment and standing to sue alone. But a right to sue clause in an agreement has no effect on standing, one way or the other. A licensee with sufficient proprietary interest in a patent has standing regardless of whether the licensing agreement so provides. By the same token, a right to sue clause cannot negate the requirement that, for co-plaintiff standing, a licensee must have beneficial ownership of some of the patentee's proprietary rights.²⁴³ A "right to sue" clause in a contract, unaccompanied by the transfer of other incidents of ownership, does not constitute an assignment of patent rights that entitles the transferee to sue in its own name. That principle sensibly reflects that a patent owner may give another responsibility to select targets for suit—a power of attorney, in effect—without

surrendering ownership of the patent. The same principle applies to a right to select additional licensees.²⁴⁴

²⁴³ *Ortho Pharm. Corp. v. Genetics Inst. Inc.*, 52 F.3d 1026, 34 USPQ2d 1444 (Fed. Cir. 1995). In this case an agreement expressly granted the right to make a product but did not address any patents by which the product was made. Under California law, such a provision implied a license under a patent that covered a product used to make the ultimate licensed product. The agreement also granted the exclusive right to sell the ultimate product abroad. On these facts the Federal Circuit held that the licensee had no standing to bring or join a suit for infringement of the patent. The patent provided no rights respecting the ultimate product per se. Moreover, inasmuch as a U.S. patent grants the right to exclude others only in this country, the right to sell the ultimate product abroad was not a proprietary right arising from the patent. Thus, with respect to rights under the patent, the licensee had only a nonexclusive right to make the patented product in the United States.

²⁴⁴ *Propat Int'l Corp. v. RPost Inc.*, 473 F.3d 1187, 81 USPQ2d 1350, 1354 (Fed. Cir. 2007).

The consequence of recognizing co-plaintiff standing is that the licensee has a right to bring suit on the patent, albeit in the name of the licensor, whether or not the license so provides and regardless of the patentee's cooperation. Further, the patentee/licensor suffers the legal consequences of litigation brought in its name. The requirement that a licensee sue in the name of the patentee is not merely a formality. The patentee is brought into the suit for substantive reasons, namely, to protect its own interest in connection with the charged acts of infringement and to enable the alleged infringer to respond in one action to all claims of infringement for those acts.²⁴⁵

²⁴⁵ *Ortho Pharm. Corp. v. Genetics Inst. Inc.*, 52 F.3d 1026, 34 USPQ2d 1444 (Fed. Cir. 1995).

One of the underlying policies of the rule requiring joinder of the patent owner is to prevent duplicative litigation against a single accused infringer. This does not mean, however, that a patent owner's agreement to be bound by all judgments against a licensee necessarily resolves the issue of standing. Standing to sue for infringement depends entirely on the putative plaintiff's proprietary interest in the patent, not on any contractual arrangements among the parties regarding who may sue and who will be bound by judgments. Just as a "right to sue" clause cannot confer standing on a bare licensee, neither can a patent owner's agreement to be bound by judgments against a licensee circumvent the rule that the patent owner must ordinarily join, in any infringement action, an exclusive licensee who possesses less than all substantial rights in the patent. To hold otherwise would be to allow a patent owner to effectively grant a "hunting license," solely for the purpose of litigation, in the form of a pro forma exclusive license, e.g., covering only a minuscule territory.²⁴⁶

²⁴⁶ *Prima Tek II L.L.C. v. A-Roo Co.*, 222 F.3d 1372, 55 USPQ2d 1742 (Fed. Cir. 2000). In *International Gamco Inc. v. Multimedia Games Inc.*, 504 F.3d 1273, 84 USPQ2d 2017 (Fed. Cir. 2007), the court distinguished between exclusive territorial licensees and exclusive field of use licensees in the context of standing to sue without joining the patent owner. In the first situation the patent owner need not be joined. However, the latter situation presents a more difficult question. The court sorted this out by reasoning that allowing a licensee, even one with exclusive rights to the patent for a particular field of use, to sue in its own name alone poses a substantial risk of multiple suits and multiple liabilities against an alleged infringer for a single act of infringement. To alleviate this risk, the

prudential standing requirement compels an exclusive licensee with less than all substantial rights, such as a field of use licensee, to join the patentee before initiating suit. In contrast, an exclusive territorial license does not involve the same multiplicity risks because a single act of infringement is likely to give rise to only one viable suit for infringement by the exclusive territorial licensee in the jurisdiction where the infringement occurred. Here the agreement was an exclusive “enterprise” license that conveyed both a territorial license and a field of use license. The court concluded that the problem of a multiplicity of lawsuits arising from an exclusive field of use license was not cured by adding a geographic restriction and that the licensee therefore lacked standing to sue in its own name without joining the licensor.

The merits of injury allegations have no bearing on the question of standing. However, one aspect of standing is that the requested

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relief would rectify the plaintiff's alleged injuries.²⁴⁷ One seeking to recover money damages for infringement of a U.S. patent (an action at law) must have held the legal title to the patent during the time of the infringement. The principal exception is where the assignment of a patent is coupled with an assignment of a right of action for past infringements. The latter must be express and cannot be inferred from an assignment of the patent itself. Other recognized exceptions confer standing upon nonowners to join infringement suits as co-plaintiffs with the patentee, such as licensees and exclusive vendors of the patented product. But one who owns only the equitable title can seek only equitable relief—an injunction but not damages.²⁴⁸ Thus, a nonexclusive licensee of a patent has no standing to sue for infringement. But when the sole licensee has been shown to be directly damaged by an infringer in a two-supplier market, and when the nexus between the sole licensee and the patentee is close and clearly defined, the licensee must be recognized as the real party in interest. This gives effect to the congressional mandate in 35 U.S.C. § 284 that the damages shall be adequate to compensate for the infringement.²⁴⁹

²⁴⁷ *Syntex (U.S.A.) Inc. v. United States PTO*, 882 F.2d 1570, 11 USPQ2d 1866 (Fed. Cir. 1989). The plaintiff was simply urging that a reexamination was improperly conducted. But it is pure speculation that a “properly”conducted reexamination would have resulted in cancellation of all patent claims, thus alleviating plaintiff's injury.

²⁴⁸ *Arachnid Inc. v. Merit Indus. Inc.*, 939 F.2d 1574, 19 USPQ2d 1513 (Fed. Cir. 1991). See also *Heidelberg Harris Inc. v. Loebach*, 145 F.3d 1454, 46 USPQ2d 1948 (Fed. Cir. 1998). But an assignment of the right to sue for past infringement does not, without an actual assignment of title, confer standing to sue for infringement. *Mars Inc. v. Coin Acceptors Inc.*, 527 F.3d 1359, 87 USPQ2d 1076, 1085–86(Fed. Cir. 2008). Neither statute nor common law precedent requires a particular formula or set prescription of words to express the conveyance of a right of action for past infringements. *Minco Inc. v. Combustion Eng'g Inc.*, 95 F.3d 1109, 40 USPQ2d 1001 (Fed. Cir. 1996). In *IpVenture Inc. v. Prostar Computer Inc.*, 503 F.3d 1324, 84 USPQ2d 1853 (Fed. Cir. 2007), the court distinguished a simple agreement to assign, which was never fulfilled and which the putative assignee renounced by written waiver, from the agreement in *Speedplay Inc. v. Bebop Inc.*, 211 F.3d 1245, 53 USPQ2d 1984 (Fed. Cir. 2000), and concluded that it was more akin to the agreement in *Arachnid*.

²⁴⁹ *Kalman v. Berlyn Corp.*, 914 F.2d 1473, 16 USPQ2d 1093 (Fed. Cir. 1990).

An action for infringement must join as plaintiffs all co-owners. Further, as a matter of substantive patent law, all co-owners must ordinarily consent to join as plaintiffs in an infringement suit. Two established exceptions exist. First, when any patent owner has granted an exclusive license, it

stands in a relationship of trust to its licensee and must permit the licensee to sue in the patent owner's name. Second, the obligation may arise by contract among co-owners. If, by agreement, a co-owner waives its right to refuse to join suit, its co-owners may subsequently force it to join in a suit against infringers. Consequently, one co-owner has the right to impede the other co-owner's ability to sue infringers by refusing to voluntarily join in such a suit. This rule finds support in 35 U.S.C. § 262, which provides that, in the absence of any agreement to the contrary, each of the joint owners of a patent may make, use, offer to sell, or sell the patented invention within the United States, or import the patented invention into the United States, without the consent of and without accounting to the other owners. This freedom to exploit the patent without a duty

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to account to other co-owners also allows co-owners to freely license others to exploit the patent without the consent of other co-owners. Thus, the congressional policy expressed by § 262 is that patent co-owners are at the mercy of one another.²⁵⁰

²⁵⁰ *Ethicon Inc. v. United States Surgical Corp.*, 135 F.3d 1456, 45 USPQ2d 1545, 1554 (Fed. Cir. 1998). In *Aptix Corp. v. Quickturn Des. Sys. Inc.*, 269 F.3d 1369, 60 USPQ2d 1705 (Fed. Cir. 2001), the court dismissed the patent owner from the lawsuit because of litigation misconduct. Inasmuch as this left the co-plaintiff licensee without standing to prosecute the case, it was dismissed as well. However, the court held that litigation misconduct does not justify a conclusion that the patent is unenforceable in general; that relief can be obtained only where the inequitable conduct is committed during prosecution before the PTO.

Because lack of standing is not an issue that goes to the merits of the underlying patent issues, a dismissal of a complaint for lack of standing would not normally be expected to be made with prejudice.²⁵¹ Ordinarily, dismissal for lack of standing is without prejudice. On occasion, however, a dismissal with prejudice is appropriate, especially where it is plainly unlikely that the plaintiff will be able to cure the standing problem.²⁵²

²⁵¹ *H.R. Tech. Inc. v. Astechnologies Inc.*, 275 F.3d 1378, 61 USPQ2d 1271 (Fed. Cir. 2002). The district court concluded that the plaintiff could cure its standing defect by executing a valid assignment and refiling its complaint, and that nothing in the first proceeding provided any compelling reason to deprive it of the right to seek to enforce its patent. The district court therefore did not abuse its discretion by dismissing the complaint without prejudice. The district court also correctly dismissed the defendant's counterclaim for noninfringement, which could not be defended by the plaintiff inasmuch as it lacked standing.

²⁵² *Fieldturf Inc. v. Southwest Rec. Indus. Inc.*, 357 F.3d 1266, 69 USPQ2d 1795 (Fed. Cir. 2004). An exclusive licensee can cure a defect in standing by joining the patentee or the successor in title to the patentee. *Id.* In *Schreiber Foods Inc. v. Beatrice Cheese Inc.*, 402 F.3d 1198, 74 USPQ2d 1204 (Fed. Cir. 2005), the court confronted a situation where the plaintiff owned the patent at the commencement of the litigation, assigned it to a nonparty during the pendency of the case, but reacquired title prior to judgment.
